

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 ACDA-07 SAJ-01 EB-07 AID-05 COME-00 TRSE-00

OMB-01 CIEP-01 /091 W

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R 231548Z NOV 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9155

INFO AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: ETRD, PFOR, EG, UR

SUBJECT: SOVIET/EGYPTIAN RELATIONS; TRADE AND AID

REF: CAIRO 15973

1. IN CALL UPON SOVIET MINISTER AKAPOV TO INTRODUCE STAFFDEL MORAN, DCM HAD OPPORTUNITY TO INQUIRE ABOUT ACTIVITIES OF SOVIET TRADE DELEGATION CURRENTLY VISITING CAIRO. AKAPOV STATED THAT DELEGATION CONSISTED OF TECHNICANS AND EXPERTS WHO WERE ENGAGED IN THE PRELIMINARY DISCUSSIONS RELATED TO RENEWAL OF THE ANNUAL TRADE AGREEMENT FOR 1977. WHILE HE DID NOT REFER TO ANY OF THE SPECIFIC INFORMATION CONTAINED IN PRESS REPORTS (REFTEL), AKAPOV SAID THAT VERY LITTLE THAT WAS NEW OR DIFFERENT WAS EXPECTED TO EMERGE.

2. DCM ASKED FOR CURRENT SOVIET VIEWS ON EGYPTIAN REQUESTS FOR A MORATORIUM ON DEBT. AKAPOV REPLIED THAT NATURE OF SOVIET ASSISTANCE PROVIDED FOR A BUILT-IN  
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MORATORIUM, SINCE REPAYMENT FOR PROJECTS (SUCH

AS HIGH DAM) WERE NOT REQUIRED UNTIL AFTER PROJECT WAS REVENUE PRODUCER. HE ADDED THAT NON-REPAYMENT OF ECONOMIC DEBTS WAS NOT IN EGYPT'S BEST INTERESTS SINCE LARGE PORTION OF LOCAL INDUSTRY IS ORIENTED TOWARD SUPPLYING SOVIET MARKET. (HE SPECIFIED FURNITURE AND SHOES AS EXAMPLES OF THIS ORIENTATION WHEN ASKED). THE EGYPTIANS MUST KEEP WORKFORCE EMPLOYED IN THESE INDUSTRIES AND MUST SELL THE PRODUCT, AND SINCE NO ONE ELSE WILL TAKE THEM SOVIET MARKET PROVIDES OUTLET. EXPORTS ALSO SERVE TO PAY OFF PORTION OF COMMERCIAL DEBT. IN RESPONSE TO QUESTION AS TO WHETHER OR NOT DEBT HAD BEEN DISCUSSED AT MEETING BETWEEN FAHMY AND GROMYKO IN SOFIA, AKAPOV SAID IT WAS POSSIBLE, BUT HE WAS NOT SURE SINCE HE HAD NOT BEEN THERE.

3. ON THE SUBJECT OF OVERALL RELATIONS BETWEEN THE TWO COUNTRIES, AKAPOV POINTED OUT THAT THE CHANGE HAD TAKEN PLACE ON BASIS OF EGYPTIAN MOVES, PARTICULARLY ABROGATION OF SOVIET-EGYPTIAN FRIENDSHIP TREATY. HE ADDED THAT HE DID NOT KNOW WHAT HAD CAUSED EGYPT TO SHIFT ITS POSITION, BUT STATED THAT IT WAS UP TO THEM ("THEY MUST ADOPT THE RIGHT ATTITUDE") TO BRING RELATIONS BACK TO WHERE THEY HAD BEEN BEFORE.

4. COMMENT: AS ALWAYS, AKAPOV WAS FRIENDLY AND -- FOR HIM -- OPEN. HE AVOIDED SPECIFIC RESPONSES TO SOME SPECIFIC QUESTIONS, AND SPOKE THROUGH AN INTERPRETER, AS IS ALSO USUALLY THE CASE. OTHER SUBJECTS COVERED SEPTEL.  
EILTS

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